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Multifoods

ROBIN HOOD MULTIFOODS LIMITED 1975 ANNUAL REPORT





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The Cover



From a photograph originally appearing on the cover of a Kretschmer Wheat Germ cookbook. Photo depicts Robin Hood Multifoods' involvement in all aspects of food from grain to prepared foods.

The Company

Robin Hood Multifoods Limited, founded in 1909 by International Multifoods Corp. of Minneapolis, Minn., is a diversified food processing and marketing company with executive offices at 6600 Côte des Neiges Rd. in Montreal. The company serves the consumer, industrial, agricultural, food service and export markets with products ranging from flour to frozen prepared foods.

Five-Year Comparative Summary

(Dollars in thousands)

Fiscal year ended last day of February	1975	1974	1973	1972	1971
Net Sales	\$194,634	\$161,673	\$112,675	\$104,792	\$104,881
Depreciation	1,269	1,330	1,029	860	1,003
Income Taxes	3,226	4,012	2,812	2,434	2,665
Net Earnings	3,959	5,089	3,004	2,697	2,387
Return on Sales (%)	2.0	3.1	2.7	2.6	2.3
Working Capital	\$ 20,324	\$ 25,363	\$ 23,420	\$ 19,244	\$ 16,324
Total Assets	85,917	73,593	58,527	52,305	59,775
Return on Assets (%)	4.6	6.9	5.1	5.2	4.0
Number of Employees	2,060	1,990	1,860	1,500	1,550

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The Presidency

Sales Up, Earnings Down In Year of Challenges

It was a challenging year.

That's how Logan R. Brown described fiscal 1975 in which Robin Hood Multifoods showed a 20% sales increase while net earnings dipped 22% from the previous record 12-month period.

It was a year marked by labor difficulties, supply uncertainties, higher raw material, packaging and distribution costs and rising interest rates.

"The eight and a half week illegal work stoppage at our Montreal flour mill affected the profit picture as did higher interest costs and consumer resistance to higher prices," Brown said.

Fortunately, the illegal walkout did not have a lasting effect on sales and most of the lost business was regained when a settlement was reached in January.

As far as individual segments of the business were concerned, bakery flour, family flour and pickles turned in "excellent" performances in the face of substantial challenges.

"Thanks to a well-planned approach to Multifoods' business and the success of managers in responding to the magnitude of the challenge," Brown said, "the difficulties of the year were largely overcome."

A case in point is Multifoods' pickle business.

Cucumber growers last year increased prices by 69%. The cost of sugar, an important ingredient in many types of pickles, took off like a rocket. Because of consumer resistance to higher prices, the total market declined despite a record of consistent growth in prior years.

In the face of these problems, pickle products not only enlarged their share of market but also made a major contribution



Logan R. Brown, (right), president and chief executive officer, talks with John B. Morrison, vice-president and general manager of industrial foods; David C. Tompkins, vice-president and general manager of consumer products; and A. Harry Vis, vice-president and general manager of agri-products.

to the company's earnings.

Improved product mix helped family flour come through with a good year. While there was a slight decline in volume in a market which increased in size, more small bags — 2, 5, 7 and 10 lb. sizes — were sold during the year thus improving the profitability of the line.

Good Flour Year

One result of higher food prices was a shift in consumer preference to more pasta products which benefited Robin Hood's durum flour business, increasing volume by 5%.

Bakery flour turned in a strong performance, too. Prices, though, remained at their September 1973 level all during the year despite increases in freight, energy and other costs.

One area of Multifoods business that continued to be disappointing was frozen foods. "We invested much more than we anticipated in frozen foods," Brown said. "It was in this area — high quality convenience foods — that we encountered stiff consumer resistance."

However, during the year several actions were taken to make the frozen food business a profitable one. "In addition to the Stouffer line, we have bracketed the market

with two lines of moderately-priced frozen products under the Gusto and Coorsh labels and we have developed a line of Stouffer's frozen food products for the Hotel, Restaurant and Institutional trade," he said.

Despite the difficulties, Brown is still very optimistic about the long-term outlook for frozen products. "The fundamental appeal of consumer convenience means that there is a great potential market for quality frozen foods," he said.

Sugar Prices Hurt Mixes

Rising sugar prices increased baking mix prices to the point where a number of consumers stopped buying cake and dessert mix products. A shortage of good milling oats and some difficulties with starting up the new oat mill early in the year had a depressing effect on the cereal business.

The Coorsh specialty meat business held its own this year, although volumes were off marginally because of difficulties in obtaining sufficient quantities of beef briskets.

In the industrial foods area, one of the most promising developments was the growth of the industrial food supplies business. Operating principally in Western Canada, the business supplies hundreds of items from cake plates to special sugars for commercial

bakeries. It is planned to expand the business into Eastern Canada this year.

Turning to the company's agricultural area, Brown said that earnings dropped dramatically from the previous year. "These tend to be cyclical businesses and last year was a down year for eggs and formula feeds while poultry meat remained at year ago levels.

"We expect better conditions to prevail in the second half this year in agriculture and there are signs that the producer-oriented marketing boards for eggs and poultry meat are becoming more aware of the processors' needs and consumer expectations," Brown said.

"In view of the current inflationary trend, it becomes extremely important for us to improve our productivity," he said pointing out that gross margins had shrunk by almost 2%, the second year in a row during which margins have declined.

"We plan to improve our sales productivity through unification of our consumer products sales forces, a carefully tested program which began early last year," Brown explained. "Instead of separate sales forces for frozen foods, dry grocery products and glassgoods, we'll have one integrated organization that is truly a 'multi' foods selling organization."

The company plans to improve management productivity, too, with a new information system being implemented this year. "Order entry" is basically a sales communications system which captures and tabulates sales orders, rather than recording shipments as is presently the case. The system will increase Multifoods' ability to schedule optimum production runs, control inventories, improve customer service and generally make more efficient use of money.

Company Strengths

As for the company's strategy for growth, it will focus on developing the company's current strengths "although we're always interested in appropriate acquisition opportunities."

Brown pointed to the company's existing strengths — in frozen foods, in specialty meats, in cereals, in pickle products, and in baking mixes. "We look to a geographic expansion of Coorsh specialty meats, for example, and the tremendous potential in the food service market for our diversified line of products."

Brown, who was Chairman of the Grocery Products Manufacturers of Canada last year, feels that government intervention in the food industry has stabilized and public

understanding of the factors behind higher food prices has improved in the past year.

He was heartened, too, by the increasing interest shown by the government in shipping more of its overseas grain exports in the form of flour. "As a company, we support the government's attempts to broaden trade with the European Common Market and with Latin America. Last year, we expanded our own export business with our decision to participate in the Russian contract supplying flour to Cuba," he said.

"I have a very positive attitude towards the future of our food industry and our economy. In today's inflation/recession climate, Canada has, so far, been one of the most fortunate of the industrialized nations.

"Despite the drop in net earnings, I believe that Robin Hood Multifoods has emerged from the year in a much stronger position in terms of an improved new product base, improved human resources and improved management capabilities," Brown said.



66.9¢
To pay for: Basic foodstuffs such as wheat, cucumbers, sugar, beef, spices, etc.



12.1¢
Wages, salaries and fringe benefits



5.7¢
Packaging to protect and carry the product



2.2¢
Advertising, both media and non-media



8.8¢
Other operating costs



2.3¢
Taxes



2.0¢
Net earnings



To the benefit of: Farmers, growers, suppliers of ingredients

2,060 employees

Suppliers and converters of paper, glass, plastic and cloth materials

TV, radio, print media, display firms

Suppliers of fuel, equipment, utilities, services, etc.

Federal, provincial and municipal governments

Shareholders; capital investment in the business.

Where does the sales dollar go?

From each dollar paid to Robin Hood Multifoods for its products last year, 98 cents was paid out again for raw materials, wages, services and taxes. The remaining two cents represents the after-tax earnings of the company.

Soaring Costs Hit Cake, Baking Mixes, But Good for Pasta

Inflation, running at close to 12%, had a three-pronged effect on Multifoods' business by driving up raw material, transportation and other costs. This led to higher prices which, in turn, reduced markets for some products, squeezed margins and reduced earnings.

Take sugar as an example.

An important ingredient in several Multifoods products, sugar had more than doubled from 12 cents a pound in the prior year to 30 cents, and then more than doubled again in six months to a high of 77 cents in November.

That drove up the price of cake mixes, bakery mixes and pickle products. While pickles managed to increase its share in a declining market, consumer cake mix volumes declined significantly from the prior year as several slow-moving items were trimmed from the line.

Industrial bakery mix volume increased — because it was the first full year of Joe Lowe bakery mix purchase of December 1973 — but earnings declined since the full impact of ingredient cost increases could not be recovered in the selling price.

Mill Costs Up

Or take the flour mill operating costs — they went up by more than \$1 million because of higher fuel costs, increased wages and higher lake freight costs. "We buy our wheat for Eastern mills from the Lakehead," explained John Morrison, vice-president and general manager of industrial foods, "and any increase in the cost of transporting grain through the Great Lakes has a significant impact on our costs."

High millfeed values helped Multifoods keep bakery flour prices from rising all during the fiscal year. With domestic wheat costs frozen until 1980, bakery flour prices remained at their September, 1973 level despite increasing labor, energy and transportation costs.

"While there is some evidence that commercial sweet dough production was down last year as people reacted to higher prices on sweet baked goods, our bakery flour business continued to grow," Morrison said.

Similarly, inflation seemed to have a positive effect on the company's durum business. "We feel that consumers bought more pasta products last year," Morrison said, "because other protein alternatives were costlier." That helped boost our business with pasta manufacturers to whom we sell durum flour.

Apparently unaffected by inflation was the industrial food supplies business, acquired from McKenzie-Stephenson in December 1973, which showed good gains last year.

"In fact," Morrison said, "bakery supplies did so well in Western Canada that plans are afoot to expand their sales to Eastern Canada this year." Industrial food supplies consist of several hundred items ranging from cake plates, to special sugars, nuts and flavourings.

Agri-Business Hurt

Multifoods' agricultural businesses felt the sting of inflation, too. After a good year in the prior 12-month period, the poultry meat business remained static while the feed and egg & chick operations suffered badly last year.

Harry Vis, named vice-president and general manager of the agri-products division late last year, explained that high feed prices kept volumes down. Livestock producers cut corners and, in many cases, trimmed their herds thus putting more red meat on the market.

Larger supplies of the lower-cost cuts of beef plus the higher cost of live birds altered the traditional price relationship between beef and poultry in the second half of the year. The cheaper cuts of beef were, in many cases, actually being sold to consumers at lower prices than poultry meat. Marketing board supply management policies resulted in depressed margins for processors of poultry meat.

Oversupply was also a negative factor in the egg business. Imports of eggs from the United States and overproduction of Canadian eggs, coupled with falling consumer markets, kept prices low and depressed earnings.

Vis is more optimistic about conditions improving in the second half of the new year. He sees the marketing boards, which affect both poultry meat and egg prices through supply management policies, as becoming more aware of market needs and more willing to bring supply in line with demand.



Productivity:

Improving It A Good Answer

For industry, the most promising answer to the current inflation/recession problems lies in improving productivity, Logan R. Brown told the 1975 annual meeting of the Packaging Association of Canada.

Brown, President of Robin Hood Multifoods and, last year, Chairman of the Grocery Products Manufacturers of Canada, said that improving productivity "doesn't focus on production efficiency, but challenges all of us — management, clerical and plant workers."

He defined "improved productivity" as getting "more or better desired output from the same or lesser resources."

He told the PAC that the conditions essential to productivity improvement were: good communications, team work, performance goals, proper personnel selection, training and development of personnel, appropriate incentives, appropriate tools or investment and "enthusiastic commitment to productivity improvement."

If "Bundt" Takes the Cake, "Gusto," then, is Italian

Last year was the best ever for new products. That's how David C. Tompkins, vice-president and general manager of consumer products feels about the new items introduced regionally, nationally or in test markets in fiscal 1975.

One of the most exciting activities, he feels, was the development and introduction of Bundt, a unique cake mix that produces a fluted, ring-shaped cake. So successful was the introduction of Bundt in the British Columbia market in January, that the new product was launched in the large Ontario market just two months later.

The Bundt concept derives from the unique Bundt cake pan, produced by Northland Aluminium of Minneapolis, Minn. with whom Robin Hood Multifoods has an agreement concerning the Canadian market. Multifoods is marketing the Bundt pan along with the cake mix.

The Robin Hood Bundt mix comes in three flavours — chocolate crown with nuts, raspberry ripple, butterscotch swirl — and each package contains cake mix, filling and glaze mix in separate pouches.

Expansion of the frozen food market also looks very promising. "You could say," Tompkins said, "that inflation caused us to take a broader view of the frozen foods market. We came up with two lines of moderately-priced products in boil-in-the bag pouches."

"Gusto" is a line of Italian main dishes and sauces introduced in Ontario in March, 1975. Three "deli" type frozen products under the Coorsh label were tested in the Ottawa-Hull area last year while three additional varieties were added for introduction to the Quebec market in April, 1975.

The Gusto line consists of three main course dishes — spaghetti, ravioli, tortellini — and three varieties of Italian sauces.

The Coorsh "deli dinners" include wieners & beans, cabbage rolls, sauerkraut with knockwurst, fried rice & smoked meat, meat loaf with potatoes, and cabbage & corned beef.

For the past two years, Multifoods has marketed a line of more than 20 quality frozen prepared foods under the Stouffer's label, processed in Canada under license from Stouffer Foods Inc. of Solon, Ohio.

Tompkins admits disappointment that Stouffer sales have not grown as first anticipated. "But it's quite understandable. In these days of higher food prices, people are, temporarily at least, changing their buying habits. We're confident that the market will shift again and that there is great potential in the quality Stouffer line."

"We also broadened the frozen food

market in another dimension by developing 11 Stouffer items for the food service market," said Tompkins. So far, acceptance by hotels, restaurants and institutions has been "most satisfying."


"And we shouldn't forget Robin-O," said Tompkins. The pre-sweetened, ready-to-eat hot oat cereal was launched in Ontario more than a year ago. After a successful introduction there, Robin-O entered national distribution in September and is doing well.

Sold in eight single-serving pouches to a box, Robin-O comes in three flavours — maple & brown sugar, apple & cinnamon, and regular. The instant oatmeal product rounds out Multifoods' line of hot oatmeal cereals sold under the "Robin Hood" name.

Other new products which came on the

market last year include a line of Coorsh pickled products — eggs, weiners, Polish sausage and tongue — and Bick's kosher dill pickles.

"We invested about \$1 million in new product development and marketing last year," Tompkins said. "This includes both products tested and withdrawn as well as successful ones. But that's why we test new products. It's the only way you can be reasonably sure your product has broad and consistent consumer appeal."

There's a lot of confidence at Multifoods that items such as "Bundt", "Robin-O" and "Gusto" are finding the consumer acceptance that will make them successful. "And," says Tompkins, "plans for the future include other items equally as exciting." 

Just wait till you taste what Stouffer's has done to good old Mac' & Cheese.

It's hard to imagine just how good our Macaroni and Cheese is. You've got to taste it to believe it. You've got to taste the cheddar in the cheese sauce. Cheddar that has been aged a full six to nine months for a deep, rich taste. Taste the cream that blends with the cheese. And finally taste the macaroni...it's as good as any homemade macaroni can be. Stouffer's. They use only the finest ingredients in everything they make. And once you've tasted our Macaroni and Cheese your mouth will be watering for our other 27 dishes.



Stouffer's
FROZEN PREPARED FOODS
TO TASTE IS TO BELIEVE

30¢ offer

Send us the two end flaps from Stouffer's Macaroni and Cheese and we'll send you a coupon worth 30¢ on any of our other 27 dishes. Please allow three weeks for delivery. Offer expires February 28, 1975. Mail to: Stouffer's Mac' and Cheese, P.O. Box 8800, Saint John, New Brunswick.

NAME _____
ADDRESS _____
CITY _____ PROVINCE _____ POSTAL CODE _____

 another multifoods product

This ad appeared during the spring of 1974 in major daily newspapers in Quebec, Ontario and British Columbia.

Shifty and Uncertain Times Tilt Consumer Preferences

Rising prices, strikes in essential services and warnings of a recession — how did Multifoods' consumer markets react to these kinds of pressures?

"Our markets certainly did shift last year," said David C. Tompkins, vice-president and general manager of consumer products. "It was a year of paradoxes, but that's to be expected when we have a period of uncertainty in our economy."

Look at family flour, he said. Robin Hood has traditionally been the market leader thanks to its strength in Western Canada and the Atlantic provinces. "Last year, Robin Hood achieved the No. 1 position in Ontario and Quebec for the first time."

Stiff competition in the West on medium-size bags plus the two-month strike at the Montreal mill cut total volume, Tompkins explained.

However, that upswing in sales of small-bag sizes improved the per pound earnings and kept profitability almost at the prior year's level.

"Then look at the pickle business. You might think it would be hurt badly by uncertainties in the economy since, unlike flour, it is not a basic food. Yet volumes were down by only 1% despite rising prices as sugar costs soared," he said. The result was an increased share of market and "a great year" for pickles.

More understandable in terms of consumer resistance to higher prices of non-basic foods was the lack of growth in the cake mix and frozen food businesses.

The Coorsh specialty meat business dropped off marginally, too, but for supply reasons rather than consumer economic concerns. Largely because of the shortage of beef briskets, caused by restrictions on U.S.

beef imports to Canada, specialty meat dipped slightly in both volume and profitability.

Shortage of good milling oats plus production start-up problems pushed up manufacturing costs to hurt the cereal business. The introduction of Robin-O helped increase volumes over the prior year.

Despite the shifts in Multifoods' consumer markets, the three areas that account for over 80% of consumer sales — flour, pickles and meats — all performed well last year, he said.

"Good planning made the difference between a good year and a poor year for consumer products," Tompkins said. "It enabled us to weather the economic uncertainties and take advantage of the shifts in some of our key markets."



Advertising

"Take Kèrr," Says Graham In Daily Show

In keeping with today's concern for stretching food dollars, Robin Hood consumer products is sponsoring a daily 5-minute TV show featuring the internationally-famous chef, Graham Kerr.

Called "Take Kèrr" (rhymes with "care"), the program aims at teaching viewers to eat

for less. The year-long series, purchased by Multifoods, currently covers 75% of all English-language viewers in Canada. The accompanying commercials for Robin Hood flour feature Kerr as spokesman for the brand.

Once known as "the Galloping Gourmet" for his on-camera wine-sipping and humorous antics, Kerr now concentrates on foods and money-saving tips in his new program. "Whatever we prepare," says Kerr, "must look good, taste good, smell good and save money without making the home cook a house slave."

Samples of Kerr's saving ways include a technique for cutting hamburger shrinkage, selecting a minute steak costing only slightly more than hamburger and a method of cutting onions without shedding a tear.

The January to June segments of "Take Kèrr" are sponsored by Robin Hood flour while other consumer products may be featured later this year.



Graham Kerr, sponsored by Robin Hood flour, talks to homemakers every day in his new show, "Take Kèrr." The British-born chef offers cooking and baking tips that help stretch the food budget. His 52-week TV series appears in more than 20 cities across Canada.

Overhaul Those Packages For UPC and Ottawa, too

A complete revision of all Multifoods consumer packages and labels — more than 300 items in all — began last year to accommodate a raft of new government regulations and the Universal Product Code.

Costing something in excess of \$200,000, the packaging overhaul is expected to be completed by March, 1976.

As a leading food marketing company, Robin Hood Multifoods supports the adoption of the Universal Product Code (UPC) which will enable supermarkets to install "automated front end" systems. This system speeds up the check-out procedure by electronically reading and registering the product type and price as each item passes in front of the cashier.

The new government regulations cover such areas as ingredient listings, pictorial illustrations, metrication, net weight markings and language requirements.

While almost all Multifoods packages have been bilingual for many years, there were two or three specialty products sold outside Quebec in unilingual packages. The French version of instructions and information have now been added.

Under the new regulations, all packages will show metric equivalents and, in the case of Robin Hood cake mix packages, weight markings are rounded down to an even number — i.e. 280 grams vs. the exact 10-ounce equivalent of 283.5 grams — in preparation for the day when all packages will show metric weights only.

Generally speaking, the government regulations call for more specific information regarding such items as yield and ingredient listings. As an example, the "old" Robin Hood Pudding cake mix package listed 11 ingredients. Although the product hasn't changed, it now lists a total of 28 — including any possible substitutions of ingredients.

Robin Hood Multifoods last year spent more than \$11 million for packaging. Most of this expenditure goes to the protection, preserving, carrying and storage functions of the package. The current revision program is concerned with the increasingly important informational aspect of the package.

It all demands a great deal of ingenuity and skill to find sufficient space to carry the information: product name, weight, ingredients, name of manufacturer, product usage ideas, recipes, preparation instructions — all in two languages — plus an illustration of the dish ready for the table and the UPC.



Quality Controlled

Robin Hood Doughnut Mixes

(over sixty of them)

Enough said!

robin hood
multifoods
limited

As seen in Bakers Journal and Food in Canada, August and October, 1974 issues.

Eroding Profits, Productivity Bodes ill for all Canadians

by John Meyer



John Meyer, nationally syndicated financial columnist, is a former financial editor, managing editor and editor of *The Gazette*, Montreal. His daily column "Your Business" appears in several Canadian newspapers and he is a contributing editor to *Executive* magazine. Since 1973, he has been vice president corporate relations for Trizec Corp., Montreal-based real estate company.

It was observed, not so long ago, that the income of the average Canadian was within a wink of surpassing the income of the average American. Canadians may have already pulled ahead. The Canadian worker in manufacturing in December averaged 9 cents an hour more than the American. Workers in other industries are obviously pulling ahead too. The average labor contract in Canada last year increased wages by double the increase in the United States.

Canada also has the more generous and comprehensive system of social assistance. That's the other reason why Canadian incomes are rising beyond American incomes. There is nothing wrong with either higher wages, if there is also accompanying increases in productivity, or more generous social assistance payments, if the economy can support them. Neither condition, however, is being met.

Productivity in Canada — in simplest terms, the output per worker — has never reached the American level. What is worse, it is declining. And, while the Canadian economy generates a high level of personal savings, the volume of corporate savings, as measured in terms of profits after taxes, is also less than in the United States.

Prices Up, Profits Down

So what does this mean? One result is continually rising prices and continually lower profits. Everyone knows what higher prices mean. Canadians may average more income than Americans but there is no advantage to it if they must spend more for necessary goods and services. Not everyone knows what lower profits mean, particularly the young. Most of them, it would appear from a recent survey, would welcome a profitless society.

Of 1,000 university students polled last year, 800 said they disapproved of profits and a profit-oriented society. My experience with the young suggests this finding arises more out of ignorance of the role of profits in the system than it does from a desire to replace the system with something else.

You don't find many labor leaders who

advocate a profitless society. Wage increases are paid out of rising revenues. There is no provision in a profitless society for higher wages. You don't find many politicians advocating a profitless society either and for an equally good reason. Taxes on business profits are expected to account for 20 per cent of the federal government's budgetary revenues this year. With no profits to tax, the federal government would have to raise \$5.6 billion from other sources, principally individuals, to meet its present budget.

Profits, however, are more than just a source of higher wages and tax revenues. They are also the source for much of the funds which business must spend to renew its machinery and expand its operations. They are the source of the dividends which must be paid to those who have invested originally in the creation of the business and to those whose subsequent investment in it is required to keep it going.

Profits, quite simply, are the means by which business perpetuates itself. A profitless business is very quickly a bankrupt business.

A decline in profits means there will be less in the corporate treasury with which to pay wage increases. It means there will be less tax revenue for government. It means there will be less funds available with which to maintain and expand business operations. Canadians can't afford to let business stagnate for lack of the means to sustain thriving growth, not if there are to be enough jobs for all who need them.

Look what is happening in the economy now. Everyone expected a slowdown in business activity but it wasn't expected to be anything more than that. Canada would still have real growth, but at a slower rate. Instead, business activity declined in real terms during the fourth quarter of 1974 and the decline has continued through the first quarter of 1975 and gives every indication of continuing through the second quarter too.

Capital Investment Lack

The principal reason is that capital investment by business, which was expected to take up the slack left by reduced consumer spending, hasn't materialized to anything like the extent that was anticipated. The reason is that business hasn't had the profits from which to finance that investment.

It hasn't had for some years; too much of what it did make has been taken away by higher wages and higher taxes. Capital investment, the money spent by business on renovation and expansion, has been running below historical levels for several years and now we're beginning to see why.

The wage rates in excess of what Americans are paid but without American productivity, the generous social assistance programs: these have been achieved by draining off the corporate savings needed to keep business expansive and competitive. And now, when business needs to be expansive and competitive, it no longer has the means. And we all must suffer.



People are winning cash in Robin Hood's TIC-TAC-TOE \$100,000 contest.

You could win \$1.00, \$10.00, \$100.00 or \$1000. in Tic-Tac-Toe prizes or the \$10,000 Sweepstake. Just look for your Tic-Tac-Toe game card in specially marked Tic-Tac-Toe Robin Hood products at your store. Be sure to read the rules below.



THE ROBIN HOOD \$100,000 "TIC-TAC-TOE" CONTEST RULES

1. Inside "Tic-Tac-Toe" packages of Robin Hood Multifoods Limited products, there will be a "Tic-Tac-Toe" game card.
2. Lift up the perforated front panel of the game card. If, underneath the panel, you find three Robin Hood Heads arranged in a horizontal, vertical, or diagonal row, the holder will be eligible to win the amount of money indicated, if the holder correctly answers the time-limited, skill-testing question, and otherwise complies with the contest rules.
3. The following "Tic-Tac-Toe" prizes are available to be won:

30,000	\$1.00	"Tic-Tac-Toe" prizes
2,000	\$10.00	"Tic-Tac-Toe" prizes
200	\$100.00	"Tic-Tac-Toe" prizes
20	\$1,000.00	"Tic-Tac-Toe" prizes
1	\$10,000.00	"Sweepstake" prize

All winners of a "Tic-Tac-Toe" prize automatically become eligible in the \$10,000 "Sweepstake".
4. The game cards making recipients eligible for "Tic-Tac-Toe" prizes (i.e. eligible game cards) will be placed in "Tic-Tac-Toe" packages randomly selected from among the Robin Hood products participating in the contest. Because the total number of prizes is set in advance, and because eligible game cards have been inserted in randomly selected packages, and because "Tic-Tac-Toe" prizes

will be awarded as they are won over the duration of the contest — there will not necessarily be one or more eligible game cards for each of the four (4) denominations of "Tic-Tac-Toe" prizes in circulation in each flavour or package size of every participating Robin Hood product throughout the contest period nor in all parts of Canada. Since, for example, there are 20 \$1,000 prizes to be won and over 30 combinations of participating product sizes and flavours, obviously not every participating product type, flavour and size will have a \$1,000 game card inside. More rules on back of eligible game cards.

5. The Robin Hood \$100,000 "Tic-Tac-Toe" Contest is open only to residents of Canada who are eighteen years of age or over, except employees (and members of their immediate families) of Robin Hood Multifoods Limited, its affiliated companies, advertising agencies, and the independent judging organization.

6. All entries in the \$100,000 "Tic-Tac-Toe" Contest become the property of Robin Hood Multifoods Limited, which reserves the right to publish winners' names and addresses, but will not communicate other than with entrants eligible for prizes. This contest is subject to all relevant law. The decision of the independent judging organization is, in all cases, final.

7. Look for further details on the \$10,000 "Sweepstake" on the back of all game cards.



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Regional Offices

Toronto — 288 Judson St.
Winnipeg — 125 Paramount Rd.
Vancouver — 3450 Vanness Ave.
Moncton — 384 Main St.

S. Coorsh & Sons Ltd.

4955 de Courtrai, Montreal

Processing Plants

Flour mills
Montreal
Port Colborne, Ont.
Saskatoon

Pickle products

Brantford, Ont.
Dunnville, Ont.
Scarborough, Ont.

Frozen foods
Trenton, Ont.

Consumer mixes
Montreal

Specialty meats and
deli products
Montreal (2)
L'Acadie, Que.
Calgary, Alta.

Poultry meat
Dundas, Ont.
Niagara Falls, Ont.

Chicks and Eggs
Stratford, Ont.
St. Félix de Valois, Que.
Iona Station, Ont.

Formula Feeds
Montreal
Duburgh, Que.
Milton, Ont.
Stratford, Ont.
St. John's, Nfld.

Principal Products

Dry Grocery Products

Robin Hood flour / Velvet cake and pastry flour /
Brodie self-raising flour / Robin Hood cake and
dessert mixes / Robin Hood oats / Robin-O oatmeal /
Kretschmer wheat germ.

Pickle Products

Bick's pickles and relishes / Rose Brand pickles
and relishes / Woodman's horseradish and sauces.

Frozen Foods

Stouffer's frozen prepared foods / Gusto frozen
Italian foods / Coorsh frozen delicatessen main
dishes.

Specialty Meats

Coorsh smoked meat, wieners and other processed
meats / Coorsh deli salads / Coorsh pizzas / Coorsh
gelatine desserts.

Industrial Products

Bakery flours / biscuit flours / durum semolina for
pastas / bakery and industrial mixes / bakery
equipment / industrial food supplies.

Agricultural Products

Supersweet livestock and poultry feeds / table
eggs / broiler and layer chicks / poultry meat.

Statement of Consolidated Earnings

For the year ended February 28, 1975 and for the corresponding period, 1974

	1975 (Dollars in thousands)	1974
Net sales	\$194,634	161,673
Costs and expenses, net:		
Cost of sales	166,962	135,807
Selling, general and administrative expenses	19,070	16,402
Interest expense, including interest on long-term debt \$516 (1974, \$466)	2,821	1,282
Interest and other income, net	(1,404)	(919)
Total	187,449	152,572
Earnings before income taxes	7,185	9,101
Income taxes including deferred taxes \$648 (1974, \$487)	3,226	4,012
Net earnings	\$ 3,959	5,089

See accompanying statement of accounting policies and notes to consolidated financial statements.

Statement of Consolidated Retained Earnings

For the year ended February 28, 1975 and for the corresponding period, 1974

	1975 (Dollars in thousands)	1974
Retained earnings at beginning of year	\$ 38,604	35,575
Net earnings	3,959	5,089
Dividends paid	(8,901)	(2,060)
Retained earnings at end of year	\$ 33,662	38,604

See accompanying statement of accounting policies and notes to consolidated financial statements.

PEAT, MARWICK, MITCHELL & CO.

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Robin Hood Multifoods Limited and subsidiaries as of February 28, 1975 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company and subsidiaries at February 28, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Que.
March 27, 1975

Peat, Marwick, Mitchell & Co. Chartered Accountants

Consolidated Balance Sheet

February 28, 1975 with comparative figures for 1974

ASSETS

1975 1974
(Dollars in thousands)

Current assets:

Cash	\$ 66	19
Accounts and notes receivable, less allowance for doubtful receivables \$374 (1974, \$391)	21,689	17,626
Due from parent company	—	501
Advances to suppliers	177	45
Inventories:		
Grain	14,502	11,182
Other raw materials	5,319	4,704
Finished and in process goods	17,310	13,481
Packages and supplies	2,640	2,099
Total inventories	39,771	31,466
Prepaid expenses	708	603
Total current assets	62,411	50,260

Investments and sundry assets:

Other investments and sundry assets	201	196
Noncurrent receivables, less allowance for doubtful receivables \$16 (1974, \$33)	71	274
Total investments and sundry assets	272	470

Property, plant and equipment, at cost:

Land	704	656
Buildings and improvements	11,404	10,982
Machinery and equipment	19,341	17,712
Transportation equipment	402	429
Improvements in progress (note 2)	338	960
	32,189	30,739
Less accumulated depreciation	15,657	14,597
Net property, plant and equipment	16,532	16,142

Intangibles

	6,702	6,721
	<u>\$ 85,917</u>	<u>73,593</u>

See accompanying statement of accounting policies and notes to consolidated financial statements.

**LIABILITIES AND SHAREHOLDERS' EQUITY**

1975 1974
(Dollars in thousands)

Current liabilities:

Notes payable and commercial paper	\$ 24,758	9,590
Current portion of long-term debt	567	570
Accounts payable	12,793	11,699
Accrued expenses	1,818	1,349
Accrued income taxes	642	1,535
Due to parent company	1,509	—
Due to affiliated company	—	154
Total current liabilities	<u>42,087</u>	<u>24,897</u>

Other liabilities:

Long-term debt, less current portion (note 1)	4,017	4,601
Deferred income taxes	3,500	2,852
Other noncurrent liabilities	58	46
Total other liabilities	<u>7,575</u>	<u>7,499</u>

Shareholders' equity:

Common shares without par value. Authorized 6,000 shares; issued 1,000 shares at stated value	1,273	1,273
Contributed surplus	1,320	1,320
Retained earnings	33,662	38,604
Total shareholders' equity	<u>36,255</u>	<u>41,197</u>

Commitments and contingency (notes 2 and 3)

\$ 85,917 73,593

On behalf of the Board:
LOGAN R. BROWN, Director
J. McMILLAN, Director.

Logan R. Brown
J. McMillan



Statement of Changes in Consolidated Financial Position

Year ended February 28, 1975 with comparative figures for 1974

	1975	1974
	(Dollars in thousands)	
Funds provided:		
From operations:		
Net earnings	\$ 3,959	5,089
Charges to earnings not requiring working capital:		
Depreciation	1,269	1,330
Deferred income taxes	648	487
Other, net	31	23
Total from operations	5,907	6,929
Carrying value of property, plant and equipment disposals	54	100
Decrease in noncurrent receivables and other items, net	198	—
Decrease in working capital	5,039	—
Total funds provided	<u>\$ 11,198</u>	<u>7,029</u>
Funds used:		
Additions to property, plant and equipment	\$ 1,713	2,222
Decrease in long-term debt	584	580
Dividends on common shares	8,901	2,060
Other, net	—	224
Increase in working capital	—	1,943
Total funds used	<u>\$ 11,198</u>	<u>7,029</u>
Increase (decrease) in working capital:		
Cash	\$ 47	(1,043)
Accounts and notes receivable	4,063	5,773
Inventories	8,305	8,735
Other current assets	237	101
Notes payable and commercial paper	(15,168)	(5,947)
Current portion of long-term debt	3	1
Accounts payable and accrued expenses	(1,563)	(5,424)
Accrued income taxes	893	(852)
Due to parent company	(2,010)	753
Due to affiliated company	154	(154)
Increase (decrease) in working capital	(5,039)	1,943
Working capital at beginning of year	25,363	23,420
Working capital at end of year	<u>\$ 20,324</u>	<u>25,363</u>

See accompanying statement of accounting policies and notes to consolidated financial statements.



Statement of Accounting Policies

February 28, 1975

Basis of Statement Presentation:

The accompanying consolidated financial statements include the accounts of Robin Hood Multifoods Limited and all of its subsidiaries. Inter-company accounts and transactions have been eliminated in consolidation. Robin Hood Multifoods Limited is a wholly-owned subsidiary of International Multifoods Corporation.

Receivables:

The Company provides allowances for doubtful receivables equal to the estimated collection losses that will be incurred in collection of all receivables. The estimated losses are based on historical collection experience coupled with review of the current status of the existing receivables.

Inventory Valuation:

Inventories are valued at lower of cost (first-in, first-out) and net realizable value.

Depreciation Methods:

The Company generally utilizes the straight-line method of computing depreciation over the estimated useful lives of the property, plant and equipment. For income tax purposes depreciation has been claimed at maximum rates allowed by the taxation authorities.

Intangibles:

Intangibles primarily represent costs in excess of net tangible asset values of businesses acquired. Except for minor amounts being amortized over 10 year periods, excess costs arising prior to November 1, 1970 are being carried until such time as there may be evidence of diminution of value or the term of existence of such value becomes limited. Excess costs arising since October 31, 1970 are amortized over not more than a forty year period.

Income Taxes:

The income tax effect of transactions is recognized in the year in which they enter into the determination of income regardless of when they are recognized for tax purposes. Accordingly, income tax expense includes charges and credits for deferred income taxes and the accumulated deferred taxes are shown in the accompanying consolidated balance sheet.

Notes to Consolidated Financial Statements

February 28, 1975

(1) Long-term debt:

Long-term debt, less \$567,000 and \$570,000 at February 28, 1975 and 1974, respectively, payable within one year and included in current liabilities, is summarized as follows (in thousands):

	1975	1974
Bank note repayable \$400,000 annually 1977-1983, with interest at 1% over minimum commercial lending rate	\$2,800	3,200
Other	1,217	1,401
	<u>\$4,017</u>	<u>4,601</u>

Of the long-term debt at February 28, 1975 \$1,051,000 (including \$128,000 payable within one year) is secured.

(2) Commitments and contingency:

At February 28, 1975 the Company was committed under non-cancellable leases, principally for the use of plant, office space and equipment which require minimum rentals as follows: \$495,000, 1976; \$490,000, 1977; \$441,000, 1978; \$371,000, 1979; \$339,000, 1980; an aggregate of \$1,703,000, 1981 through 1985; \$1,082,000, 1986 through 1990. Total rent expense for fiscal year 1975, including rentals under cancellable leases for office equipment and other property, amounted to \$1,627,000.

At February 28, 1975 estimated costs to complete improvements in progress aggregated approximately \$438,000.

At February 28, 1975 a subsidiary was contingently liable to repurchase notes receivable sold with recourse in the amount of approximately \$668,000.

(3) Pension and retirement plans:

The Company and its subsidiaries have trustee contributory retirement pension plans which cover substantially all employees.

The total pension expense for fiscal years 1975 and 1974 was \$556,000 and \$350,000 respectively, portions of which represent amortization of prior service costs over 20 years to 1995.

The actuarially computed value of vested benefits exceeded the total of the pension fund assets as of December 1974 by approximately \$831,000.

(4) Information re directors and officers:

There were nine directors during the year (five in 1974) and their aggregate remuneration as directors was \$200 (nil in 1974). There were nine officers (seven in 1974) and their aggregate remuneration for the year as officers amounted to \$318,000 (\$265,000 in 1974). There were five officers (five in 1974) who were also directors.



On s'la Coorsh douce! Let's have a Coorsh party.



This ad appeared from October 1974 to April 1975 in "Hockey", the weekly magazine published by the Montreal Canadiens organization.